



Running on Empty

by Cullen Douglass, CFP®

Have you ever looked down at your gas gauge, seen the red light on and realized you were nowhere near a gas station? It's not a great feeling. Finding myself in this situation, I turned off the air conditioner or heater and reduced my speed to save gas. One time, I even tried to draft behind an 18-wheeler to reduce the wind friction. Why would I ignore the gas gauge and not stop at the gas stations I passed? Why did I procrastinate? The simple answer is because buying gas didn't seem urgent until that moment.

What happens if we run out of money during retirement? Like not looking at my gas gauge, this is serious. Do I have to go back to work? Do I have to sell my house? Does it require that I move in with my children? People fail to plan because they assume it won't happen to them, but it could. Fidelity Investments researchers found, in their 16th annual retiree health care cost estimates, that a 65-year-old couple retiring in 2018 will spend an average of \$280,000 out of pocket on healthcare over the course of their retirement¹. Social Security Administration statistics say that one out of every four 65-year-olds will live past age 90².

Do you have enough fuel to last past age 90? Will you be able to afford over \$200,000 in healthcare costs? How do you avoid running out of money in retirement? Should you save more, retire later, or spend less in retirement?

Because this is a complex problem, most Americans need help figuring out the answer. The first thing to do is consider working with a CERTIFIED FINANCIAL PLANNER™ Professional to help you audit your financial health. Take action before you find yourself in a desperate situation. Just like you shouldn't procrastinate on getting gas for your car, I believe now is the time to figure out your financial plan.

¹ Fidelity® Investments' Annual Retiree Health Care Cost Estimate, 2018

² SSA.gov Benefits Planner|Life Expectancy, 2018

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